

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Third Quarter Results
Period ended
30 September 2018

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Revenue	50,788	61,168	159,171	169,401
Other income	407	(115)	1,659	396
Share of results in associate	62	(36)	78	33
Changes in inventories of finished goods and work-in-progress	(334)	(677)	1,659	1,559
Raw materials used	(23,713)	(28,685)	(77,055)	(75,467)
Employee benefits	(13,147)	(14,155)	(39,593)	(40,378)
Depreciation of property, plant and machinery	(2,333)	(2,368)	(6,898)	(6,943)
Other operating expenses	(8,889)	(10,561)	(28,436)	(31,645)
Finance costs	(1,108)	(723)	(3,206)	(2,303)
	-----	-----	-----	-----
Profit before tax	1,733	3,848	7,379	14,653
Tax expenses (Note B6)	(813)	(1,150)	(2,759)	(4,447)
	-----	-----	-----	-----
Profit for the period	920	2,698	4,620	10,206
Other Comprehensive Income				
Exchange differences on Translating foreign operations	6	(63)	(56)	(327)
	-----	-----	-----	-----
Total Comprehensive Income For the period	926	2,635	4,564	9,879
	=====	=====	=====	=====
Profit after tax attributable to:				
Owners of the Company	775	2,598	4,526	9,794
Non-Controlling Interest	145	100	94	412
	-----	-----	-----	-----
	920	2,698	4,620	10,206
	=====	=====	=====	=====
Total Comprehensive Income attributable to:				
Owners of the Company	781	2,535	4,470	9,467
Non-Controlling Interest	145	100	94	412
	-----	-----	-----	-----
	926	2,635	4,564	9,879
	=====	=====	=====	=====

GE-SHEN CORPORATION BERHAD
 Company No. 633814-X
 (Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 – CONTINUED**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Earnings per share (Sen)				
Basic (Note B14)	1.01	3.38	5.88	12.09
	=====	=====	=====	=====
Diluted (Note B14)	0.76	2.47	4.34	9.27
	=====	=====	=====	=====

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD
 Company No. 633814-X
 (Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2018**

	<u>Unaudited</u> 30 Sept 2018 RM'000	<u>Audited</u> 31 Dec 2017 RM'000
ASSETS		
Non-Current Assets		
Investment in an associate	977	899
Property, plant and equipment	99,546	90,530
Prepaid lease payments	3,122	3,918
Goodwill on consolidation	31,195	31,195
	-----	-----
	134,840	126,542
	-----	-----
Current Assets		
Inventories	24,232	25,121
Trade receivables	38,914	48,876
Other receivables, deposits and prepayments	5,995	7,037
Current tax assets	2,250	1,299
Fixed deposits with licensed banks	2,347	2,920
Cash and bank balances	10,857	10,266
	-----	-----
	84,595	95,519
	-----	-----
Total Assets	219,435	222,061
	=====	=====
EQUITY AND LIABILITIES		
Equity		
Share capital	45,643	45,643
Treasury shares	(1,843)	(1,843)
Reserves	58,190	52,980
	-----	-----
Total Equity Attributable to Owners of the Company	101,990	96,780
Non-controlling interests	5,913	5,819
	-----	-----
	107,903	102,599
	-----	-----
Non-Current Liabilities		
Long term borrowings (Note B10)	43,930	37,806
Redeemable convertible preference shares	2,159	2,047
Deferred taxation	3,462	3,497
	-----	-----
	49,551	43,350
	-----	-----

GE-SHEN CORPORATION BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2018– CONTINUED**

	<u>Unaudited</u> 30 Sept 2018 RM'000	<u>Audited</u> 31 Dec 2017 RM'000
Current Liabilities		
Trade payables	22,144	28,229
Other payables and accruals	13,902	20,312
Short-term borrowings (Note B10)	22,441	24,909
Bank overdraft	3,494	1,730
Current tax liabilities	-	932
	-----	-----
	61,981	76,112
	-----	-----
Total Liabilities	111,532	119,462
	-----	-----
Total Equity and Liabilities	219,435	222,061
	=====	=====
Net Assets per Ordinary Share		
Attributable to Owners of the Company (RM)	1.33	1.26
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	Current Year to Date 30 Sept 2018 RM'000	Preceding Year Corresponding Period 30 Sept 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,379	14,653
Adjustments for:		
Depreciation of property, plant and equipment	6,898	6,943
Property, plant and equipment written off	568	-
Impairment of prepaid lease payment	796	275
Employee benefits expense	740	1,480
Interest expense	3,206	2,303
(Gain)/Loss on foreign exchange – unrealised	(1,187)	1,565
Share of results of an associate	(78)	(33)
Gain on disposal of property, plant and equipment	(93)	(22)
Interest income	(86)	(110)
	-----	-----
Operating profit before working capital changes	18,143	27,054
Decrease/(Increase) in inventories	889	(4,039)
Decrease/(Increase) in trade and other receivables	12,074	(5,357)
Decrease in trade and other payables	(16,027)	(5,972)
	-----	-----
CASH FLOWS FROM OPERATIONS	15,079	11,686
Interest paid	(3,094)	(2,303)
Tax paid	(4,835)	(4,402)
Tax refund	158	454
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	7,308	5,435
	-----	-----
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	86	110
Purchase of property, plant and equipment	(11,398)	(4,991)
Proceeds from disposal of property, plant and equipment	907	170
	-----	-----
NET CASH FOR INVESTING ACTIVITIES	(10,405)	(4,711)
	-----	-----

GE-SHEN CORPORATION BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	Current Year to Date 30 Sept 2018 RM'000	Preceding Year Corresponding Period 30 Sept 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	-	(60)
Net (repayment)/drawdown of term loans	(1,606)	4,443
Net (repayment)/drawdown of other short-term bank borrowings	(1,895)	3,761
Net drawdown/(repayment) of hire purchase obligations	4,782	(2,324)
Decrease/(Increase) of fixed deposits pledged to licensed banks	1,177	(55)
	-----	-----
NET CASH FROM/(FOR) FINANCING ACTIVITIES	2,458	5,765
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(639)	6,489
EFFECT OF CHANGES IN EXCHANGE RATES	70	(283)
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	8,536	5,458
	-----	-----
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	7,967	11,664
	=====	=====

Cash and cash equivalents included in the cash flows statement comprise of the followings:

	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Fixed deposits with licensed banks	2,347	12,933
Cash and bank balances	10,857	2,783
Bank overdrafts	(3,494)	(2,354)
Less: Fixed deposits pledged to licensed banks	(1,743)	(1,698)
	-----	-----
	7,967	11,664
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	-----Non-Distributable----->						Distributable	Total Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Shares Option Reserve RM'000	Redeemable Convertible Preference Share RM'000	Foreign Exchange Translation Reserve RM'000				
As at 1 January 2017	40,000	5,593	(1,843)	-	13,738	2,616	25,047	85,151	5,585	90,736
Profit for the period	-	-	-	-	-	-	9,794	9,794	412	10,206
Other comprehensive income:										
- Foreign currency translation- Differences	-	-	-	-	-	(327)	-	(327)	-	(327)
Dividends to non-controlling Interest	-	-	-	-	-	-	-	-	(60)	(60)
Employees' share option reserve	-	-	-	1,480	-	-	-	1,480	-	1,480
As at 30 September 2017	40,000	5,593	(1,843)	1,480	13,738	2,289	34,841	96,098	5,937	102,035
As at 1 January 2018	45,643	-	(1,843)	1,464	13,738	2,175	35,603	96,780	5,819	102,599
Profit for the period	-	-	-	-	-	-	4,526	4,526	94	4,620
Other comprehensive income:										
- Foreign currency translation Differences	-	-	-	-	-	(56)	-	(56)	-	(56)
Employee' share options reserve	-	-	-	740	-	-	-	740	-	740
As at 30 September 2018	45,643	-	(1,843)	2,204	13,738	2,119	40,129	101,990	5,913	107,903

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

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A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134

A1. Basis of Preparation

Statement of compliance

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

Significant accounting policies

- (a) The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2017.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

MFRSs and Interpretations	Effective for financial periods beginning on or after
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The Group is in the process of making an assessment of the impact of the adoption of these standards and amendments to existing standards.

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A2. Seasonality or Cyclicity Factors

The Group's operations experience certain seasonality or cyclicity that is common in the industry of which the Group operates in.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A4. Change in Estimates

There were no significant changes in estimates that have a material effect on the results for the quarter.

A5. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

During the quarter, there were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A6. Dividend Paid

There was no dividend paid during the quarter under review.

A7. Segmental Reporting

The Group is organised into the two main geographical segments and operating in manufacturing of plastic moulded products, metal stamping products and components. The segmental information has been presented as follows:

(a) By Geographical Segment**Current Quarter**

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 September 2018				
Revenue				
- sales to external parties	44,884	5,904	-	50,788
- inter-segment sales	13	-	(13)	-
Total revenue	44,897	5,904	(13)	50,788
Segment results	4,316	(1,462)	(13)	2,841
Finance costs				(1,108)
Profit before taxation				1,733

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A7. Segmental Reporting – continued

(a) By Geographical Segment – continued

Preceding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 June 2018				
Revenue				
- sales to external parties	44,933	7,276	-	52,209
- inter-segment sales	13	-	(13)	-
Total revenue	44,946	7,276	(13)	52,209
Segment results	4,696	(99)	(14)	4,583
Finance costs				(1,087)
Profit before taxation				3,496

Preceding Year Corresponding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 September 2017				
Revenue				
- sales to external parties	54,196	6,972	-	61,168
- inter-segment sales	14	-	(14)	-
Total revenue	54,210	6,972	(14)	61,168
Segment results	5,253	(667)	(15)	4,571
Finance costs				(723)
Profit before taxation				3,848

(b) By Industry Segment

Industrial segmental information is not applicable.

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A8. Material Events Subsequent to the End of the Quarter Under Review

There was no material event subsequent to the end of the quarter that require disclosure or adjustments to the unaudited interim financial statements.

A9. Changes in the Composition of the Group

There are no material changes in the composition of the Group for the current financial period ended 30 September 2018.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter except for the company provided corporate guarantee of RM103.24 million to subsidiary companies and RM63.95 million was utilised as at 30 September 2018.

A11. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements are as follows:

	<u>Unaudited</u> 30 Sept 2018 RM'000	<u>Audited</u> 31 Dec 2017 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	14,551	9,204
	=====	=====
Approved but not contracted for:		
Purchase of property, plant and equipment	-	6,300
	=====	=====

A12. Related Party Transactions

Significant transactions between the Company and related parties are as follows:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Transaction with related parties:				
Purchase of components	836	601	2,047	1,442
Transport charges	-	20	-	61
Rental of premises	45	192	168	554
Technical fee	31	72	90	105
Sales of goods	486	506	1,393	1,551
	=====	=====	=====	=====

GE-SHEN CORPORATION BERHAD

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**B1. Review of Group's Results for the Quarter Ended 30 September 2018**

	Individual Quarter			Cumulative Quarter		
	Current Quarter	Preceding Year Corresponding Quarter	Changes %	Current Quarter	Preceding Year Corresponding Quarter	Changes %
	30 Sept 2018	30 Sept 2017		30 Sept 2018	30 Sept 2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	50,788	61,169	(17.0)	159,171	169,401	(6.0)
Operating Profit	2,792	4,543	(38.5)	10,507	16,923	(37.9)
Profit Before Interest and Tax	2,841	4,571	(37.8)	10,585	16,956	(37.6)
Profit Before Tax	1,733	3,848	(55.0)	7,379	14,653	(49.6)
Profit After Tax	920	2,698	(65.9)	4,620	10,206	(54.7)
Profit Attributable to Owners of the Company	775	2,598	(70.2)	4,526	9,794	(53.8)
EBITDAF	4,618	7,424	(37.8)	17,023	25,763	(33.9)

i. Quarter Ended 30 September 2018 compared to Quarter Ended 30 September 2017

For the current quarter, the Group recorded lower revenue and lower profit before tax of RM50.8 million and RM1.7 million respectively as compared to the revenue and profit before tax of RM61.2 million and RM3.8 million respectively for the corresponding quarter of the preceding financial period.

The decrease in revenue and profit before tax was a result of market slow-down, key customer's business operation relocation to overseas resulting in lower sales order and end of product life cycle of high running part not being replaced by fresh sales.

The Vietnam operation has been disappointing as sales did not materialise as anticipated.

Overall Earnings before Interest, Taxation, Depreciation, Amortization and Foreign exchange gain/loss (EBITDAF) was RM4.6 million for the current quarter in comparison to the RM7.4 million for the corresponding quarter of the preceding financial period.

ii. Nine Months Ended 30 September 2018 compared to Nine Months Ended 30 September 2017

The revenue of the Group for the nine months ended 30 September 2018 decreased by RM10.2 million to RM159.2 million from RM169.4 million in the in the preceding financial period.

Profit before tax, amounting to RM7.4 million was lower by 49.6% or RM7.3 million for the financial period ended 30 September 2018 as compared to the preceding financial period with profit before tax of RM14.7 million. Profit before tax was affected by lower sales order, higher raw material costs, higher employee costs due to foreign worker levy and higher finance cost arising from the additional Capital Expenditure ("CAPEX").

As a result of the lower profit, EBITDAF decreased from RM25.8 million for the nine months ended 30 September 2017 to RM17.0 million for the nine months ended 30 September 2018.

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B2. Variation of Results Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes %
	30 Sept 2018	30 Jun 2018	
	RM'000	RM'000	
Revenue	50,788	52,209	(2.7)
Operating Profit	2,792	4,586	(39.1)
Profit Before Interest and Tax	2,841	4,583	(38.0)
Profit Before Tax	1,733	3,496	(50.4)
Profit After Tax	920	2,749	(66.5)
Profit Attributable to Owners of the Company	775	2,501	(69.0)
EBITDAF	4,618	5,757	(19.8)

The Group's revenue for the current quarter has decreased by RM1.4 million from RM52.2 million in the preceding quarter to RM50.8 million due to market slow-down.

Profit before tax has dropped by RM1.8 million from RM3.5 million in the immediate preceding quarter to RM1.7 million for the current period due to unfavourable forex timing differences and increased operating expenses from shifting of Vietnam factory.

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B3. Prospects of the Group

The challenge facing the Group currently is that current year sales have really been below expectation, the slowing industrial production numbers as seen in the global economies is lowering sales from existing customers, while any benefits from the dislocation of supply chain away from China as a result of the trade war between US and China is not going to yield any immediate tangible results. Initial focus of management is to institute ways to better control of costs as well as quality in order to regain some of the lost margins. Teething problems with the new plant in Vietnam is systematically explored and eliminated, while longer term development in ERP (Enterprise Resource Planning) and MES (Manufacturing Execution System) is being upgraded to better manage the manufacturing process.

The management is also facing up to the challenge of the decline in sales through a more active and comprehensive approach to Business Development. Investment in customer engagement, increases in technical capability as well as diversifying into new sectors has been the focus of the management over the past few months. The nature of product development cycle is such that the result of these engagements will only be translated into sales sometime next year. The management is optimistic that some of these projects will have some impact on the sales in the 2019. In the meantime investment in new machinery and renovations of the manufacturing facility in the plastic facilities in Penang and Johor is planned for late 2018/early 2019 in order to upgrade current manufacturing process and capability.

With all the rather targeted measures taken to increase sales and control costs, the management is cautiously optimistic that in the longer term, some element of the margin lost can be regained, however in the short term, the extent of the sales slowdown will dictate the short term profitability.

B4. Profit Forecast

The Group did not publish any profit forecast during the quarter.

B5. Explanation Note on Profit Forecast

Not Applicable.

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B6. Tax Expense

Tax expense comprises of the followings:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Sept</u> <u>2018</u> <u>RM'000</u>	<u>30 Sept</u> <u>2017</u> <u>RM'000</u>	<u>30 Sept</u> <u>2018</u> <u>RM'000</u>	<u>30 Sept</u> <u>2017</u> <u>RM'000</u>
In respect of the current period:				
Income tax	824	1,165	2,794	4,493
Deferred tax	(11)	(15)	(35)	(46)
Tax expense	813	1,150	2,759	4,447
	=====	=====	=====	=====

B7. Sale of Unquoted Investments, or Properties

There was no disposal of unquoted investments, or properties during the quarter.

B8. Purchase or Disposal of Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter.

B9. Corporate Proposals

The following is the corporate proposal that has been announced by the Company which has not yet completed as at 2 August 2018, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

- (a) Ge-Shen Plastic (M) Sdn Bhd's proposed acquisition of a piece of land held under H.S.(D) 6136, No. PT: lot 3929, Mukim Terbau, District of Johor Bahru, State of Johor Darul Takzim measuring approximately 0.383 hectare together with one (1) unit of detached factory erected thereon measuring approximately 25,755 square feet ("property") for the consideration of RM6,300,000.00.

The Proposed Acquisition is expected to be completed during the third quarter of 2020.

- (b) Demand Options Sdn Bhd's proposed renting with option to purchase of all that piece of freehold land held under H.S.D 169007 PTD 91805, Mukim, Plentong, Daerah Johor Bahru measuring approximately 4,909.1147 square metres together with the building erected thereon bearing a postal address of No.12, Jalan Mahir 5, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, by Demand Options Sdn. Bhd. (446459-W), for a period of fifteen (15) months, as a monthly rental of RM23,000/- and purchase consideration of RM7,300,000/-.

The Proposed Acquisition is expected to be completed during the fourth quarter of 2019.

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B10. Borrowings (Secured)

The Group's borrowings, all are repayable in Ringgit Malaysia and secured, as of the end of the quarter are as follows:

	<u>Unaudited</u> 30 Sept 2018 RM'000	<u>Audited</u> 31 Dec 2017 RM'000
Short term borrowings:		
Bankers' acceptance	7,429	9,547
Hire purchase payables	3,920	3,236
Term loans	6,465	7,720
Revolving credit	4,244	3,378
Multi currency trade loan	383	1,028
	----- 22,441	----- 24,909
Long term borrowings:		
Hire purchase payables	6,947	5,300
Term loans	36,983	32,506
	----- 43,930	----- 37,806
	----- 66,371	----- 62,715
	=====	=====

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B12. Material Litigation

The directors do not have any knowledge of any proceedings pending or threatened against the Group as the date of this report.

B13. Dividend Proposed

There was no dividend declared or proposed by the company for the current quarter ended 30 September 2018.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

B14. Earnings per Share (EPS)**Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Sept 2018</u>	<u>30 Sept 2017</u>	<u>30 Sept 2018</u>	<u>30 Sept 2017</u>
Profit attributable to ordinary shareholders (RM'000)	775	2,598	4,526	9,794
Dividends on RCPS	-	-	-	(495)
	-----	-----	-----	-----
	775	2,598	4,526	9,299
	=====	=====	=====	=====
Weighted average number of shares in issue ('000)*	76,926	76,908	76,926	76,908
	=====	=====	=====	=====
Basic EPS (Sen)	1.01	3.38	5.88	12.09
	=====	=====	=====	=====

Diluted earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Sept 2018</u>	<u>30 Sept 2017</u>	<u>30 Sept 2018</u>	<u>30 Sept 2017</u>
Profit attributable to ordinary shareholders (RM'000)	775	2,598	4,526	9,794
Impact of assumed conversion, interest on RCPS (RM'000)	35	50	112	158
	-----	-----	-----	-----
	810	2,648	4,638	9,952
	=====	=====	=====	=====
Weighted average number of shares in issue ('000)*	76,926	76,908	76,926	76,908
Weighted average number of new ordinary shares, assumption on conversion of the remaining:-				
- RCPS ('000)	30,000	30,000	30,000	30,000
- ESOS ('000)	-	434	-	434
	-----	-----	-----	-----
	106,926	107,342	106,926	107,342
	=====	=====	=====	=====
Diluted EPS (Sen)	0.76	2.47	4.34	9.27
	=====	=====	=====	=====

Note:

* Upon deducting 3,092,000 treasury shares held by the company as at end of the quarter under review.

GE-SHEN CORPORATION BERHAD

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B15. Audit Report

The auditors' report of the company for the financial year ended 31 December 2017 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Sept</u> <u>2018</u> <u>RM'000</u>	<u>30 Sept</u> <u>2017</u> <u>RM'000</u>	<u>30 Sept</u> <u>2018</u> <u>RM'000</u>	<u>30 Sept</u> <u>2017</u> <u>RM'000</u>
Profit before taxation is arrived at after crediting:				
Interest income	(27)	(41)	(86)	(110)
Gain on foreign exchange				
- realised	(2)	(134)	(67)	(39)
- unrealised	(299)	-	(1,187)	-
Gain on disposal of property, Plant and equipment	(2)	(36)	(84)	(90)
and after charging:				
Depreciation of property, plant and equipment	2,333	2,368	6,898	6,943
Interest expense	1,108	723	3,206	2,303
Loss on foreign exchange				
- realised	254	338	794	338
- unrealised	-	13	-	1,565
Property, plant and equipment written off	566	-	568	-
Loss on disposal of property, plant and equipment	81	68	84	68
	=====	=====	=====	=====

Save as disclosed in the above, there were no gain/(loss) on disposal of quoted/unquoted investments, exceptional items, and other items required to be disclosed under the additional disclosure requirement for public listed companies that are listed on Main or Ace Markets of the Bursa Malaysia Securities Berhad.